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DECEMBER 1969

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A MONTHLY JOURNAL OF IDEAS ON LIBERTY

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MORRIS C. SHUMIATCHER, Q.C.

A Democratic Dilemma

The following is from a recent television interview moderated by Mr. Gordon McGinnis on CKTV's program, "Guest House," at Regina, Saskatchewan. Dr. Shumiatcher is a prominent Canadian lawyer and a staunch defender of the individual against the encroachments upon his rights by the State. What he says of political affairs in Canada would seem to describe pretty well the situation in most any democratic nation of our time.

QUESTION: *When we talk about democracy and rule by the majority of the people, what of the minority who are causing a lot of friction in our society?*

Democracy postulates rule by the people and, generally, the principal rules are made by majorities. But, of course, democracy works only if both majorities and minorities are prepared to adhere to certain fundamental rules of law and practice. That is to say, a majority has the right to govern but it does not have the right to destroy or crush the minority. By that same token, the minority has the right to live and survive, but it does not have the right to disrupt and destroy the ability of the majority to carry out its obligations to govern.

The minority may, by disorder, by refusing to adhere to normal rules of democracy, destroy the whole democratic structure. But majority rule does not mean simply that if you have the power of a giant, you should use it as a giant. Power must be used with restraint and with all due regard for legitimate minority rights. I want to give you an illustration. I haven't the slightest doubt if a poll had been taken in Nazi Germany in 1938 – let us say, as to whether the majority of people in Germany at that time subscribed to the ra-

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cial superiority theories of Hitler — that the majority would have voted in favor of the doctrine and a policy to give it effect. But simply because the majority might approve it does not mean that it is right.

QUESTION: *Is there a possibility that this sort of thing could happen today?*

It is quite possible. I think that you may have a majority that will decide to take reprisals against a minority and in fact we have such cases today. But I think you are most concerned at the moment about the right of 300 people in Vancouver to disrupt or seek to disrupt a meeting of the Prime Minister of Canada when he attends there on legitimate political business, as was the case a few days ago. Of course, there is no right to stifle free speech with violence and threats of violence. As he said at the time, after these unfortunate events last week in Vancouver, democracy depends upon the use of reason, of logic, of the right to persuasion. As soon as force or violence is used by a minority or a majority, as soon as a person says, "I alone have the right to talk. You have no right to contradict or answer!" then the whole foundation of democracy disappears. That is why the minority and the majority both must adhere to the rules which I spoke of earlier. These are gentlemanly rules and they are based on courtesy and restraint. Because they depend on good manners, the democratic fabric is a very delicate one. It is one that can be easily ruptured; it is one through which violence and brute force and selfishness can break easily. When that happens, men lose their democratic rights, and the strong and unscrupulous prevail. After all, there are very few places in the world today where anything like a democratic system exists. Democracy is the exceptional form of government in the world today as it has always been throughout the centuries. It is a freak, if you will, and one which, because of its fragility, must not only be cherished, but jealously guarded. That, really, is what we say when we sing, "O Canada: We stand on guard for thee."

QUESTION: *Why is there today this shabby attitude of Canadians toward the office of the Prime Minister? It does not seem to me, at least, that it has ever existed in this country before, certainly not in my time.*

Well, that is a very good and a very difficult question. I think one of the problems is this: Our Prime Minister is a highly intellectual and a very able man. Even

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his detractors must admit this. What is more, he is accustomed to discussion, to confrontation if you will. His experience as a university law teacher schooled him in the art of man-to-man debate. He has felt that he can take the pulse of the nation and determine its sentiment and disposition by going out amongst the people and discussing with them matters that are of national concern. That is a very worthy objective.

I think he must now have second thoughts on this program upon which he embarked a year ago, for the very simple reason that you really do not find the pulse of the people in the streets at all. Those who are the responsible people of this country simply are not the people who walk or march the streets – or who demonstrate or who appear in mobs or come forward in parades or carry signs or shout slogans at the Prime Minister or anybody else. That is not where the business of the nation is being carried on – whether by mechanics or builders, tradesmen or producers, or by any of the hundreds of useful callings and professions that serve the nation. The thoughtful people, the people that are really concerned with the affairs of our nation, simply do not go out in the streets to air their views; and therefore, if the Prime Minister wishes to take the pulse of the nation, I do not think he will ever find it in the parks or at the curbstones of the cities at all. That is not where he will learn anything beyond the latest obscenities of the day. I think he has come to realize that there isn't much wisdom there – nor even a willingness to acquire it. That is the first point, which is important.

Secondly, I think that those people who occupy the streets do not come forward with a genuine desire to discuss anything at all with the Prime Minister. They simply press on in order to shout and to demonstrate. What they demonstrate most is their own ignorance and arrogance. Can you think of a more inane way of expressing an opinion on any issue of importance? I do not care whether it is on Viet Nam, on taxation or medical care or pensions or Indians or whatever else. Is there a more inane way of expressing a view on a difficult question of national policy than to carry around a sign with three or four words (one or two of which are probably obscene)? Or by shouting slogans or by marching? These are activities fit for persons who are illiterate, untrained, and incapable of articulating their views. The intelligent person, on the other hand, if he has views on a subject, may enter into a logical debate,

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may write an article, a letter, or may speak with others interested. He will at least set his views out in some order and he will back his views with facts. But does a mob, confronting the Prime Minister, present facts or logical arguments? Of course not. They are just there as so many bodies, making unpleasant noises and unattractive gestures, hoping to get some publicity if possible -- but certainly not to advance the interests of the nation. Their motivation is disruption and destruction, or so, I confess, it appears to me.

QUESTION: *Let us talk about our members of Parliament in Ottawa, our governmental representatives for any given area. They are selected by the people to go there to represent them. Are the attitudes of the electors mature, sensible, and logical toward the members that they select?*

Some are and some are not. I think that the weakness lies in the very point I sought to make earlier in relation to the Prime Minister who has been seeking the views of the people in the streets. The trouble today, it seems to me, is that the role of a member of Parliament has changed and become perverted from its original concept. The member of Parliament now says to the public: "If you elect me, I will be your mouthpiece and speak for you." To the mass of his constituency, he says: "Tell me what you want, and I will do whatever you tell me to do." This, of course, is quite ridiculous because the public cannot possibly know all of the implications of giving effect to "what they want." The complex facts, the difficulties involved in any policy, are largely unavailable to the public. Take the question of wheat prices, of international trade, of tariffs. In any area, the complexities of trade and commerce, international agreements, and a host of other considerations require long study. The public simply hasn't the means of acquiring the facts or the experience in making rational judgments based on those facts.

So, it seems to me that the whole role of the M.P. as representative of the people should be reconsidered. His proper role, I believe, is that of delegate, where the candidate for office says to his public: "If you have trust in me, you can elect me for three or four or five years; I will bring my experience and knowledge to bear on the problems that may arise during that period. I do not know what they may be, but I will make my decisions as I think the facts warrant from time to time; I cannot promise anything except that

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I shall act reasonably and honestly and to the best of my ability in conducting your affairs, and I will use as much care in dealing with them as I would in dealing with my own." He must then make the judgments himself. It is for him to do, not what he thinks is popular or what he believes may re-elect him, but what, in the light of fact as he discovers it and his own judgment as the exigencies of the time indicate to him, is right. The politician who keeps his eye on the public opinion poll and his ear to the ground and who engages in other interesting physical contortions cannot possibly make the right decisions.

The public opinion poll depends upon picking ten or a hundred or a thousand people in the streets at random and asking them, off the cuff, "What do you think about this? Should we recognize Communist China or not?" Now the person questioned may never have given the matter the slightest consideration or thought. And so he comes up with an instant answer because he feels he ought to have some opinion on every subject or he will be thought a fool if he doesn't. But the chances are that if he does give an answer – and most people do say something – it will be a foolish answer. And the chances of getting collective foolish answers are even greater.

When the politician or the member of Parliament tries to determine what the people want, if he looks at the result of the public opinion poll, what is he likely to get? Is he getting the considered views of the most thoughtful and intelligent persons in the community? Those who have pondered the questions or those who have studied them and are truly concerned over them? Of course not! In effect, he will get the lowest-common-intellectual-denominator in the community. That is what the public opinion poll is likely to reflect. And if that is to make our country's policy, if that is to be the basis of our position on such issues as our currency, or devaluation, or trade relations with the United States and the hundred other odd countries we deal with, how can we hope to have rational effective results?

If you had a problem – I don't care if it is one in mathematics or chemistry or engineering or in any other field you care to name – and you wanted the answer, would you go out and ask the first ten people you saw on the street, "What is the solution to this problem?" And when you tabulated the answers you got, would you then take the mean average of all of the answers you collected? If you did that, you would be called insane! And yet, the problems we

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tackle nationally and internationally are no less complex; if anything, they are more so. Still, we seem to think that somehow, if we ask enough people and get enough answers, we are going to come up with some profound solution to the problems that bedevil us. I suggest that though we may get answers, they are unlikely to be reliable or useful answers. The public opinion pollsters will no more find the answers on the street than will the Prime Minister.

QUESTION: *Is there a fear that our environment of freedom in Canada is being seriously threatened?*

I do not think we should have fear. We should have apprehensions perhaps, and we should be watchful. We have all heard: "The price of freedom is eternal vigilance." But where is the vigilance in polling the public and asking them what is popular? "What do you want? Do you want annual guaranteed incomes?" If you are asked that, and if you have no other facts before you, it is like asking if you are in favor of motherhood. It sounds like a good thing. And so you say, "Yes – I want a guaranteed income, of course!" So, it appears in a poll that most people want it.

But what is not known or asked is, "What price are you prepared to pay for it?" The price you are bound to pay will be a price reckoned in more government interference, more confiscation of property by way of taxation, direct and indirect, upon death, and in a dozen other ways. There will be less freedom of choice and of occupation, because, let us face it: the more state pension and security plans we have, the more we are hedged about by commitments to these plans; the less mobility we have; the less willing we are to move and try something new.

Every time we subject ourselves to a new measure of social security, each new security measure that takes present earnings from a person in relationship to his job on a promise of future benefits, deprives him of his willingness and freedom to change, to move, to improve himself, to try something new and different. I can understand this fetish for social security in an old and tired culture; perhaps there was nothing else to hope for in a country like England after the War. But the Beveridge cradle-to-grave security has gone a great distance in reducing the inventiveness and resourcefulness of the English people and diminishing the productivity of the population; of that there is no question.

But we are a new nation here

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in Canada. We are just beginning to waken to our great national potentialities. What a pity if, at a time when we should be stretching our limbs and testing our strength as individuals and collectively straining our sinews as a nation – not just in the physical or economic sense but socially, culturally, spiritually – we crawl into the confining shell of welfarism and seek a safe and unadventurous life in the stagnant backwaters of the world!

QUESTION: *Are those people that are able, willing, and do in fact exercise their right to vote – are these persons more qualified today to make decisions than they were say five or ten years ago?*

I would say less so. I would say the person who genuinely desires to inform himself on public affairs today has a great many more difficulties in his way than people encountered, say, forty or fifty years ago, because the facts today are so much more numerous and complex. It is so difficult to acquire the reservoir of information that is necessary to form any rational conclusion, that the challenge is considerably greater. But simply because the challenge is so great, I think more and more of us will be moved to accept it. It is not that a tiny group of people and no others are capable of making the decisions. We all are. We all have that capacity; but we can participate in the business of decision-making only if we are prepared to study the facts and issues diligently, continuously.

It is not enough to read the headlines and slogans that we find in the press. It is not enough to listen to what comes off the street even if it is dignified by a radio report or a television broadcast. These are only the superficial symptoms of our agitated times. You will learn nothing from them except that people are still capable of violent, irrational, angry acts. In order to form reasonable, workable, helpful judgments, there is no shortcut even in our electronic age. We must be prepared to work and study, and to inform – not inflame – ourselves and others. These are the prosaic, perhaps clumsy, paving stones that make up the road that democracy must travel. Construction may be slow – but there is no glamorous easy way.

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PYRAMIDS

all over the place

LEONARD E. READ

MY ENCYCLOPEDIA explains that, "The true pyramid exists only in Egypt." The reference, of course, is to the familiar pyramidic configuration. Everyone knows that the pyramids of Egypt are pyramids!

But, aside from configuration, what, really, is a pyramid? Reading on, I find that "each monarch built his own pyramid, in which the mummified body might be preserved for eternity from human view and sacrilege and into whose construction went years of time and measureless amounts of material and labor." Here we have our functional cue as to the nature of a pyramid.

A pyramid is a monument to man's pride built by the coerced labor of others. As with the Egyptian models, the materials and labor must be assembled by extortion if a project is to qualify as a pyramid. The rich man's mansion or mausoleum, if built at his own expense, is not a pyramid. Nor do Disneyland and Fisherman's Wharf qualify as pyramids, financed as they are by consumer choice in a free and open market.

The Taj Mahal – "It is deemed one of the most beautiful buildings in the world" – is, by functional definition, a pyramid. And it is beautiful only in the sense that beauty may be skin deep. For back of that pretentious façade of marble and jewels is ugliness: slave labor, thousands upon thousands of slaves for many years. It

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is a pyramid, a monument to the pride of the Mogul Emperor, Shah Jehan.

The impulse to memorialize oneself – a monument to pride – runs strong in many people; but this is of no special concern to others, insofar as it can be satisfied with one's own resources. That's the business of the individual and of no one else. But give these individuals power to command the resources of others, and the impulse runs wild, often swelling into boundless activities and assuming all sorts of forms, even to the monumentalizing of silly ideas in which the originators take pride. And this does, indeed, become everybody's business!

It is easy enough to see that Brasilia, hewed out of wasteland far from where people live and labor, is not a city built in response to the demands of Brazilians in a free and unfettered market. It is no more a response to their aspirations than the Taj Mahal represented a gratification of the slaves who erected it. Brasilia is a pyramid, pure and simple, a monument to the pride of a man who had coercive power over the resources of others – Juscelino Kubitschek.

It is also easy to see that Venezuela's steel mill is a pyramid. This is a monument to an idea quite as silly as the notion that we in the U.S.A. should grow our own coffee. Were that mill abandoned to the jungle and the steel imported instead, with each worker given severance pay at the rate of his present wage – for the rest of his life, Venezuelans would be money ahead!

Some Home-Grown Examples

Should we not be able to identify just as easily our own pyramids, such as the Gateway Arch in St. Louis, the Fresno Mall, and a thousand and one other more or less conspicuous structures? Most of the towns and cities in America today can boast of similar monuments to pride!

For instance, every Federal "urban renewal" project is a pyramid. Not one of these "developments" is a response to free and willing exchange. The people who are now forced to pay for these monuments to ideological pride have tended to desert the downtown centers for suburban shopping centers. These "renewals" have been made possible by the power on the part of some to command the resources of others; American citizens have no more volunteered their own income or capital for such projects than the people of Egypt volunteered their resources for one of their pyramids.

Every high-rise apartment in

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the Federal "slum clearance" program is a pyramid. There are now so many other examples in every city – even in towns – that a local resident would find it difficult to name them all.

Ideas that Enslave

But not every pyramid is made of rock, brick, mortar, steel. Using our functional definition, social security, Medicare, the Federal full-employment program, and countless other ideological innovations are as much pyramids as Brasilia: monuments to man's pride made possible by the coerced labor of others – the originator's pride in his ideas!

I repeat, the impulse on the part of so many people to memorialize self – one's ideas or accomplishments or whatever else – is benign so long as the gratification is achieved solely with one's own resources. It is harmless, and it is none of anybody else's business.

The harmless memorializing impulse becomes the destructive pyramidic impulse when and only when coercive power over the income and capital – resources – of others is permitted. Grant this power to one and there is no principle by which it can be denied to everyone – as we are now witnessing.

How about granting this coercive power to no one, that is, no special privilege for anyone? That would be fair to everyone. Our pyramids? Why not simply abandon them now as grotesque, unfinished testimonials to the harsh tyranny of the authoritarian way? Let each man build and do as he chooses with his own resources, so long as it's peaceful, and the result will be as high as any civilization can possibly rise.

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Inflationism as Political Policy

J. H. PETERS

The greatest mistake that can be made in economic investigation is to fix attention on mere appearances, and so to fail to perceive the fundamental difference between things whose externals alone are similar, or to discriminate between fundamentally similar things whose externals alone are different.

LUDWIG VON MISES, *The Theory of Money and Credit*

ATTEMPTS to penetrate the nation's economic future are engaging the attention of its business and industrial leaders as never before. They are avidly reading and consulting experts in the fields of economics and politics in an endeavor to interpret as accurately as possible all that is happening today in terms of its implications for the future.

But to attempt to read our economic future in projections based on current developments and those of the recent past is a difficult and unproductive undertaking. It is far more to the point to obtain from the reading and contemplation of what has happened over an extended period of economic history an improved knowledge and understanding of what we may do to give that future the shape and direction we want it to take. Samuel Taylor Coleridge said it well sometime during the early years of the nineteenth century: "If man could learn from history, what lessons it might teach us! But passion and party blind our eyes, and the light which experience gives us is a lantern on the stern which shines only on the waves behind us."

We have an unexcelled opportunity to avail ourselves of the lessons of economic history in the many writings of Ludwig von

Mr. Peters left the presidency of the First National Bank of Loveland, Colorado, to become for many years the editor of Rand McNally & Company's *Bankers Monthly* magazine.

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Mises, who predicted the inflation which followed World War I in a work entitled *The Theory of Money and Credit,* the first German-language edition of which was published in 1912.[1] His writings thus cover a period of nearly sixty years of experimentation with the monetary and fiscal measures invoked by governments in their sundry endeavors to deal with all manner of economic problems. All that follows is based on those of his observations which have a special bearing on the causes of inflation,[2] its consequences, and its sole remedy: stopping the arbitrary expansion of the money supply.

A Pernicious Fallacy Invades Economic Thought

Perhaps the most pernicious idea that has ever invaded the economic thinking of this or any other time is the one that sees inflation as a more or less harmless device by means of which the welfare of all or some segment of the public may be effectively and permanently advanced. And perhaps the most pernicious aspect of that idea lies in the readiness with which it lends itself to the purposes of demagogues who are quite content to promote the adoption of inflationary measures as a means of achieving some momentary political advantage, regardless of what the more remote consequences of their expansionary efforts may prove to be.

Time was when monetary inflation was achieved by employing a single device for a single purpose: the coin of the realm was clipped, and the motive was profit. The government needed financial help and that was the only then known method of tampering with the currency as a means of satisfying that need. Questions of currency policy played no part in the deliberations that prompted it. There was no thought of influencing economic trends or the general price level

[1] The first English edition of a version written in 1924 appeared in the 1930's, and the book, to which was added a then current essay on "Monetary Reconstruction," was last published in 1953.

[2] Von Mises indicates a strong preference for the use of "inflationism" as the only term that conveys the precise meaning intended. He defines "inflationism" as "that monetary policy that seeks to increase the quantity of money," whereas "inflation" is said to mean "an increase in the quantity of money (in the broader sense of the term, so as to include fiduciary media as well), that is not offset by a corresponding increase in the need for money (again in the broader sense of the term) so that a fall in the objective exchange-value of money must occur." He makes the further point that inflationism must occur on a very substantial scale before it will manifest as inflation in the ordinarily accepted sense of the term. "Inflationism," in other words, may be said to be the policy that tends to induce "inflation." In the present situation, the policy and its effect appear to be generally regarded as one and the same.

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by manipulating supply and demand factors.

More recently, however, our currency has been debased by a number of devices for a number of reasons, most of them poorly considered and far more harmful than helpful, but nevertheless purportedly rooted in well-intentioned currency policy. The free coinage of silver, for example, was advocated by one group of proponents as a means of increasing the price of silver as a commodity, while the prime concern of another group was to raise the general level of prices by increasing the money supply.

It was through the efforts of the latter that paper inflationism came to be advocated in many states, partly as a forerunner of bimetalism and partly in combination with it. But the closely related issues of monetary policy and inflation were then inadequately comprehended and poorly understood by the public at large, a condition that is all too prevalent to this day.

Although today's currency is nominally based on gold, it actually consists in large part of credit and fiat money, the available quantity of which can be increased or decreased almost at will by our monetary authorities for whatever purposes happen to serve the needs or expediencies of the moment. Every such change is presumed to play a thoroughly considered role in effecting some desired change in the objective exchange-value of the money in circulation.

Indirect Taxation

However valid or otherwise the course pursued to the end in question may be, there remains the problem of the degree to which the prescribed remedy should be applied. To this there can be no precise answer because economists and statisticians have the greatest difficulty in isolating and identifying the determinants of the value of our money, and our Federal agencies and lawmakers find it even more difficult, if not impossible, to control them. Inflation, however, lends itself most readily to any effort to engage in painless spending; and because the effects achieved, particularly in the earlier stages of the process, are quite unobjectionable to both the payers and gatherers of taxes, it has at such times gained considerable unwarranted popularity.

Stated differently, the basic cause of inflation lies in government's unwillingness to raise the funds it requires by increasing taxation, or its inability to do so by borrowing from the public. Inflation as a means of financing

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World War I, for example, had the great advantage of evoking an appearance of both economic prosperity and added wealth. Calculations of every kind were thus falsified, giving rise to distortions in the figures upon which business and industry relied for guidance in the conduct of their affairs. These distortions led, among other things, to the taxing away of portions of the public's capital without its knowledge.

It is thus that political considerations all too often interfere with the proper functioning of one phase or another of the economic process. Left to its own devices, the economy has a way of effecting its own cures of maladjustments as they arise. If its pricing mechanism is permitted to reflect without outside interference the extent and urgency of the needs and wants of the public, supply and demand will inevitably arrive at a condition of balance.

It is generally supposed that inflation favors the debtor at the expense of the creditor, but this is true only if and to the extent that the reduction in the value of money is unforeseen. Inflationary policy can alter the relations between creditor and debtor in favor of the latter only if it takes effect suddenly and unexpectedly.

If, on the other hand, inflation is foreseen, those who lend money will feel obliged to include in the rate of interest they ask both a rate that will compensate them for the loss to be expected on account of the depreciation actually anticipated, and as much more as might result from a *less* probable further depreciation. And any who hesitate to pay this additional compensation will find that the diminished supply of funds available in the loan market will compel them to do so. Savings deposits, incidentally, decreased during the inflation that followed World War I because savings banks were not inclined to adjust interest rates to the altered conditions created by variations in the purchasing power of money.

Supposed Benefits of Inflation Are Illusions

There are inflationists who, though they are admittedly quite aware of the evils of inflation, nevertheless hold that there are higher and more important aims of economic policy than a sound monetary system. A failure on the part of the public to comprehend all of the implications of the position thus taken makes inflation a readily available political expedient. When governments are relieved of the necessity for making ends meet, socialistic trends and other unpopular consequences of a given policy are all too readily

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concealed in order to win and hold the required degree of public acceptance; and having arrived at that point, arrival at a condition of absolutism is only a question of time.

There isn't a shred of validity in the proposition that continued inflation is to be preferred to any steps that might be taken with a view to counteracting it; in the notion, for example, that increased unemployment in any degree would be too large a price to pay for a stabilized price structure. Quite ignored in this view of the matter is the consideration that stabilized or increased employment obtained temporarily at the price of inflation is a very poor bargain indeed, and that the effect of that continuing process can only be to give rise to an accumulation of economic maladjustments that must eventually fall of its own weight.

It will be recalled that the nation's economic situation in 1934 was quite the reverse of today's. Employment was at a very low level, but governments around the world were dealing with it altogether unrealistically. Instead of adjusting wages to the generally prevailing low level of prices, they sought to ward off a fall in money wages and otherwise interfered with the processes that would have restored the economy to a condition of equilibrium in the natural course of events.

They ignored the unwelcome truth that by stabilizing wages at an arbitrarily high level they were actually increasing unemployment and perpetuating the disproportion then existing between prices and costs and between outputs and sales, the predominant symptoms of the crisis with which they were contending. Just as an inflated wage structure stood in the way of needed adjustments when the economy was at a low ebb, it will inevitably be found to have much the same effect when attempts finally are made to curb the malinvestments generated by boom conditions.

Subjective Value of Money

Contributing to the difficulties just cited are, first of all, the multitudinous factors that influence the objective exchange-value of money, popularly called its purchasing power. But its *subjective* exchange value is also important. Just as in the case of economic goods, the economic valuation of money is based on subjective estimates of individuals as prompted by their psychological reactions to whatever circumstances and conditions may happen to obtain in their respective situations. Subjective value, therefore, cannot be determined with even a modicum

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of accuracy, and any decisions based on an assumed ability to do so is sure to be highly conjectural, to say the very least.[3]

It is clear, therefore, that inflation functions quite inadequately as a purely political instrument. Its effects cannot be predicted with any degree of precision, and if continued indefinitely it must lead to a collapse. Its popularity is due in the main to the public's inability to fully understand its consequences.

Barriers to Reversal

Standing in sharp contrast to the great ease with which a policy of inflation may be used by those in authority for their own purposes is the great difficulty of reversing that process – of invoking and implementing a policy of restrictionism or restraint which has the effect of increasing the value of money. This may be done (1) by reducing the supply of money in a period of constant demand, or (2) by holding it at a uniform level or one that is insufficiently high to meet anticipations based on recent price trends. The latter less severe method consists in simply waiting for an increase in the demand for a limited supply of money to manifest as a condition of restraint.

Adding to the difficulty of pursuing a policy of restraint are these considerations:

1. Far from bringing to the national Treasury the added dollar resources to which inflation too readily gives rise, restraint diminishes them.
2. It tends to induce a scarcity of some economic goods by facilitating exports and restricting imports.
3. Taxation becomes more burdensome.
4. Unpopular creditors, as a class, are thought to gain at the expense of the far more numerous debtors. (Today in the United States, the large corporations tend to be the debtors, while the creditors by and large are numerous small savers with insurance, savings accounts, and the like.)

[3] An article entitled "Psychology and the Consumer," which appeared in the August, 1969, issue of *Business in Brief*, published by The Chase Manhattan Bank of New York, strongly supports this view. The author variously described the consumer as a "hero," a "villain," and a "victim," the respective roles played by him in the (1) 1965-66 period of caution, (2) the period of excessive optimism which got under way at the beginning of 1967, and (3) in the current year of disregard of the restraints on consumer spending which it was sought to impose by the boost in Social Security taxes and the tax surcharge. Notwithstanding the latter, "for 1968 as a whole, consumer outlays were 9.0% above 1967 – significantly contributing to inflationary pressure."

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Redeemability

But every inflationary policy must sooner or later be abandoned, and there will then remain the problem of replacing it with another. It was the clear intent of the law in the first place to preserve the metal parity of our currency, and that can be the only legally and morally acceptable objective of the new policy. Suspension of convertibility left that premise altogether unchanged.

The inflation made possible by the suspension of convertibility, however, has already worked grave inequities in contractual relations of every kind, and to abandon metal parity in the formulation of a new policy could only serve to make bad matters worse. Although the consequences of inflation cannot be eliminated by a mere reversal of policy, and existing inequities would in large part remain, metal parity would at least hold more promise of future stability than any available alternative.

Even so, the value of our currency will be too largely subject to political pressure, and it is to be hoped that the electorate will see to it that a preponderance of such pressure is exerted in behalf of a stable currency. For it is, after all, no part of the proper function of government to influence the value of the medium of exchange. That is the function of the market, in the use and operation of which government is only one of many participants. It is to the market itself that all must look for the means of establishing the relative exchange values of economic goods, and government has, or should have, little actual voice in the matter.

The result of any attempted intervention by government will be determined in large part by the subjective values placed on goods by the masses of participating individuals through the pricing process. While our monetary authorities have some knowledge of the factors that determine the value of money, they have no way of determining the extent to which subjective estimates of value (prices) are affected by variations in the quantity of money. Governmental intervention is therefore confronted with the impossible problem of calculating the intensity with which variations in the ratio of the supply of money to the demand for it affect the market.

The Evils of Price Control

The adoption of price and wage ceilings is frequently suggested as a means of controlling inflation, but history's case against that course is devastatingly complete. Such ceilings would automatically

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stimulate demand for and curtail production of the very goods that happened to be in scarce supply. The mechanism of the market would no longer be effective in allocating available supplies, so it would be necessary to bring other forces to bear on the problem. These have historically led through various intermediate stages, beginning with the rationing of the most important necessities, to the eventual abolition of private property. There is no workable substitute for the age-old laws of supply and demand.

And so it is with the balance of international payments. If natural forces are permitted to function without interference, the tighter money conditions which will normally prevail in the debtor country will induce a reduction in its prices, thus discouraging imports and encouraging exports, and thereby tending to bring about a restoration of equilibrium. The government in question can best serve its own needs by refraining from intervention of any kind.

The role of the speculator is a further case in point. In times long past the activity of speculators was held to be responsible for the depreciation of money; but, here again, history makes it clear that prices are determined in the market, and that any attempt to alter them over a given period by speculation is sure to fail; that the immediate effect of speculation is to reduce price fluctuations rather than to increase them. In the case of a steadily weakening currency, however, the effect of speculation will be to cause the expected depreciation to depart from its otherwise uniform pattern, and to proceed by fits and starts, with intermittent pauses. But the framework will be set by the extent to which market factors are responsible for the decline; and if inflation happens to be the cause of the difficulty, it is to the cure of that malady that all corrective efforts must be directed.

We are faced with a choice between the forces that make for monetary stability and those that will inevitably take us in the opposite direction. We can't have it both ways.

IDEAS ON LIBERTY

What You Should Know About Inflation

ONE of the most stubborn fallacies about inflation is the assumption that it is caused, not by an increase in the quantity of money, but by a "shortage of goods."

HENRY HAZLITT

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OF LIBERTY

PAUL L. POIROT

"ETERNAL VIGILANCE," advised John Philpot Curran in 1790, is the price of liberty; and numerous scholars have elaborated on that theme. But the "price" to be discussed here is of another order: the rate at which an item moves in trade.

Now, the price of liberty is not just a figure an owner arbitrarily selects to print on a tag. At his figure, buyers may or may not appear. Nor is the price of liberty a figure arbitrarily selected by a prospective buyer. Again, his bid may or may not attract a seller. Rather, the price of liberty is the figure or the ratio at which a trade occurs between a willing buyer and a willing seller in open competition – without coercion or fraud on the part of either trader or any third party.

If the point seems belabored here that the price of liberty can only be derived through voluntary exchange, the excuse is that so many people act as if they had missed the point. The individual who lacks sufficient self-respect to respect the dignity of every other human being has missed the point. He who uses his own life or property in ways that violate the property rights of other individuals has missed the point. The person who does not understand why scarce resources must be privately owned and controlled if they are not to be wasted has missed the point. Anyone who thinks that buying and selling, saving and investment, production and consumption could occur in a logical or orderly manner without the institution of private property has missed the point.

The point is that unless there is private ownership and control of property then voluntary exchange or free trade between willing buyers and willing sellers could not occur; one must hold full and clear title before he may transfer the right of possession and use. Furthermore, except as it is thus established through voluntary exchange, the price for a commodity or service will not accurately reflect the available supply of the

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item or the effective demand for it – and will not serve as a rational and reliable guide for producers or consumers. This is why the price of liberty necessarily must be the price determined through open competition in a free market.

Probably by a process of trial and error and long experience, tradesmen invented or discovered money – a universally traded, easily recognized, readily acceptable item such as silver or gold that would help to facilitate the trading of other goods and services. In any event, further discussion of the price of liberty requires recognition at this point of the vital role of money in the market economy – money that not only originates as a result of voluntary exchange but also serves as the essential unit of accounting and calculation for those who would engage in production and trade.[1]

Money and the Market

The market process of voluntary exchange, and that alone, gives value to money as a medium of exchange and as a unit for purposes of economic calculation. The vital information a trader needs concerning supply and demand is afforded only by the free-market price. Money serves as a common denominator for pricing all kinds of goods and services, for comparing the cost or value of one scarce resource with alternatives or substitutes, for deciding whether to save or spend, produce or consume, buy or sell. But to effectively serve its purpose, money must originate in and derive its value from the working of supply and demand in free and open competition. Governmental declarations of legal tender or issues of fiat money are useless at the very best; and far more often than not they lead to false price signals and the waste of scarce resources. It is important to buyers and sellers to be able to express exchange ratios or prices of all items in terms of money. But it is equally important that the nature and value of the monetary unit be established by willing buyers and sellers in the market rather than arbitrarily by government edict.

Once again, why this repetition or emphasis of the relationship between money and the market and the importance of money for the purpose of business accounting and economic calculation? And the reason again is that so many people act as if they had missed the point. Among the top echelon of economists are those who would

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[1] See "Money and the Market" in THE FREEMAN, August, 1969, page 464. See also "Value: the Soul of Economics" by W. H. Pitt, THE FREEMAN, September, 1969, page 515.

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possibly agree, if pressed, that gold could serve as money but who prefer instead to debate whether the government should print 2 per cent or 5 per cent or 10 per cent of additional fiat paper money each year, or whether Special Drawing Rights (SDR's) might better serve the purposes of a World Bank than have other paper promises; those persons have missed the point. Anyone who advocates government spending for purposes he is unwilling to finance with his own resources (which probably means that others would rebel if directly taxed for such purposes – which in turn means deficit spending and inflation by government) that person has missed the point. The point is that when either the government or an illegal counterfeiter arbitrarily increases the supply of "money," the market is flooded with deceptive prices, economic calculation is thwarted, and the result must be a wasteful use of scarce and valuable resources.

So, once more, liberty is personal freedom of choice, and the price of liberty is the market price arrived at through voluntary exchange between a willing buyer and a willing seller. The enemies of liberty are coercion and fraud, and the result of such intervention is a false and misleading signal rather than the price of liberty that accurately reflects supply and demand and upon which producers and consumers may reliably base their economic calculations.

Coercion Sends False Signals

Unfortunately, the prospective trader in the market is ordinarily unable to distinguish between the price of liberty and the false price signals thrown forth by interventionists. The "eternal vigilance" urged upon him must be directed toward an identifiable cause of the misleading signal, toward the coercion that enters and disrupts the market. It is the common duty or responsibility of every would-be trader, of every citizen interested in a free and viable economy, to help police the market. And this is the principled role of government: to maintain the peace, to detect and discourage outbreaks of violence and fraud, to protect the life and property of every peaceful person and his right to enter unmolested into the processes of production and voluntary exchange.

The case for the limitation of government has been made over and over, and the only excuse for taxing the reader's patience with this repetition is that the vast majority of people act as if they had missed the point. Businessmen who advocate intervention to place and hold them on a pro-

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tected pedestal above the ordinary trader in the market have missed the point. Labor union leaders and followers who demand special rights and privileges, unavailable to others competing for scarce resources, have missed the point. Would-be educators who advocate the use of force to impose their "superior wisdom" upon others have sadly missed the point. Humanitarians who would confiscate the property of the thrifty and productive to subsidize the shiftless have missed the point. Dreamers who would populate the moon at the expense of those with their feet on the ground have missed the point.

How Government Intervenes

The point is that the only justification and appropriate role for government is to protect and defend the dignity of the individual and the private property each has earned; that government may not be perverted into an instrument of plunder without destroying man's best chance for life and livelihood.

Whenever the individual relaxes his vigilance and allows his duly constituted police force to clip the coins or arbitrarily add to the stocks or decree an artificial value for each monetary unit, the inevitable cost he must bear is a loss of liberty.

The minimum wage established by government edict always has to be a false price signal; it is not the market-established price of liberty – it is a loss of liberty. The false wage or price creates an unmarketable surplus of that most scarce of all resources, human labor; and such a "surplus" is sheer waste.

Rent control laws that hold rental rates below market levels encourage the wasteful occupation of the scarce housing space that already exists and discourage the construction of additional housing. This coercive intervention reflects a false picture of supply and demand; it disrupts economic calculation; it wastes resources; it is antisocial and a denial of liberty. The same is true of any and every attempt at government price control.

There is no end to the examples that could be cited to illustrate how intervention destroys life and property and liberty. What they all illustrate, in effect, is that socialism cannot be made to work, no matter how brilliant the man in charge, because socialism disrupts the market, renders it impossible to know the price of liberty or to make the economic calculations by which human beings can rationally decide what to do with themselves and their resources. "Irrational," "irresponsi-

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ble," "unaccountable," and "anti-social" aptly depict the socialist. And all he lacks is *the price of liberty.*

Why Socialism Must Fail

Karl Marx was a socialist whose mind was closed to the price of liberty. "From each according to ability and to each according to need" is first and foremost a denial and denunciation of the institution of private property. This necessarily precludes voluntary exchange. It closes the market and deprives producers and consumers of vital information market prices would otherwise reveal concerning the supply of and the demand for scarce resources. How is anyone's "ability" or his "need" to be evaluated in the absence of free trade and market prices?

So Marx, like most socialists before and since, turned to the "cost-of-production" or the "labor" theory of value. And it's true that human labor is a scarce resource and can be valuable; but it is a half-truth at best and a gross illusion at worst. What gives real value to a tool is not the amount of labor that can be used in producing the tool but the amount of labor saved and the satisfaction gained through the production and use of the tool – as against doing without it. And only through willing exchange in the market is it possible for anyone to know whether to spend his time producing this tool, or that, or neither one. Marx could guess wildly, and enforce his edict if his police power were strong enough; but he would have no way to compare the results with the alternatives under his system. For that comparison, he would need the price of liberty; yet, his basic premises denied the functioning of the market.

This is why Soviet bureaucrats, if they stick rigidly to their closed system of coercion and control, can never know whether to produce spikes or tacks, tractors or toys, human food or jet fuel, shoes or sputniks. Nor can any other government force in the world ever know how hard or how far to push any project, relative to the alternatives, once the project has been pulled out of the free market and out of the realm of rational economic calculation.

That politicians, with their penchant for power over others, should stumble into such chaos is to be expected. But how can one condone the utopian intellectual, whose noble aim is to help his fellow man, but who insists that socialism is a reasonable means to that end? Should not he be expected to know the price of liberty?

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Our inalienable Rights

Should government be limited in their defense?

PARK CHAMBERLAIN

IN NOVEMBER of 1965, in the State of New York, a man named Adrian Cancil was sentenced to three years in prison for a crime which he did not commit. Pending appeal, he was released on a so-called certificate of reasonable doubt. He put his free time to advantage by discovering the name of the guilty party, whereupon he bought a tape recorder and concealed it in his clothing. Then he found and engaged the guilty one in conversation, inveigled him into admitting his guilt, took the taped admissions to the district attorney, and won back his freedom.

A heart-warming story of a triumph for the rights of the individual, is it not? Or is it? Or is it actually a story of a serious crime perpetrated by Adrian Cancil against a fellow citizen? In the eyes of the State of California, for example, it was the latter. In 1967, in fact, the legislature of that state (cheered on by the American Civil Liberties Union) passed a law condemning actions such as that of Adrian as criminal, and punishing them with a three years' prison sentence and a fine of $2,500!

The reader of THE FREEMAN will immediately see the philosophical question involved, which is this:

To what extent should government interfere with a citizen's rights to clear himself of a charge of crime?

To find the answer, let us restate the principles underlying our American political philosophy, namely, *first,* that every citizen is endowed with inalienable rights to his life and liberty, and *second,* that it is the prime duty of government to preserve these rights. Reasoning from these premises, can we avoid the conclusion that any governmental restraints upon the citizen in this area should be minimal indeed, and, in fact, that here is an area wherein government should itself take positive

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action, and with the most efficient weapons?

It must be agreed, of course, that Adrian Cancil should not have been allowed to take violent action to prove his innocence — such as, for example, a physical assault upon the guilty man. But why should he be forbidden to do what he did? Had he merely surreptitiously *memorized* the guilty man's statement and reported it to the district attorney, he would have committed no crime anywhere — but the district attorney most likely would not have believed him and he would have served out his wrongful sentence. But because he surreptitiously *tape-recorded* the statement, he committed an action so fiendish that in the eyes of the State of California, at least, and perhaps in those of some other states, he would have deserved an additional three years in jail!

And so let us suppose that Adrian had been sentenced wrongfully not in New York but in California, and that while awaiting the result of his appeal he had consulted his district attorney with respect to his plans to clear himself by use of the tape-recorder. That official must, of course, have warned him that any such activities would be criminal. Suppose, then, that Adrian had urged that a plain clothes policeman be directed to don the recorder and get the evidence. In all probability (although the California law is not perfectly clear) the district attorney must have advised Adrian that that too would be illegal! And so this innocent man would have been totally deprived of any use of this excellent weapon for the preservation of his basic rights!

Strange as it seems, there are those who warmly approve of Adrian Cancil's frustration, who would zealously ban the use of such electronic devices by anyone, private or public, for any purpose whatsoever. The American Civil Liberties Union has in fact commenced legal action to have their use declared completely unconstitutional. The success of this suit would mean not only that government should forbid us the use of weapons most effective in preserving our lives and liberties, but also that government itself would not be able to defend our rights by such means. Or, to put it in general philosophical terms, the outlawing of such devices would mean that government would be encouraged to enter an area where its activity should be minimal, and at the same time reduced in efficiency in the area where its activities should be maximal.

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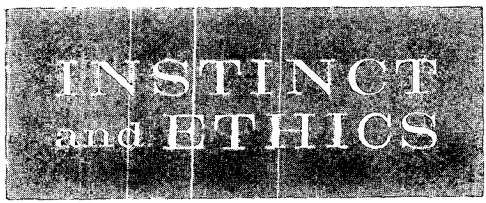
EDMUND A. OPITZ



NEARLY EVERYONE is a moralist these days, and a moralist in popular caricature is one who always views with alarm. Even the self-proclaimed immoralists of our time fall into this category, for they denounce as "intolerant" any and all who look askance at their weird "beat" deviations. Disagreements are sharp at all levels, among the viewers with alarm, but the primary breach is between those who hold that the ultimate sanction for ethical standards must be sought in a supernatural order, and – on the other hand – those who assert that within the social and natural orders we may find the ingredients for a viable ethic. The first position is theistic; the latter humanistic.

The humanists, if we may be permitted this term for the second group, admit that the moral code which prevailed in the West until two or three generations ago was widely believed to have had its origin and sanction in religion. But, as they view the matter, the transcendent dimension has such a weak hold upon modern man that to insist on a metaphysical source of moral values in these times is to weaken ethics by tying it to a dead horse. Moral values, they assert, are autonomous if they are *anything*; let them therefore stand on their own feet. Detach ethics from religion, they urge, in order that men may be virtuous for the sake of happiness! Men should not do right in a vain effort to please some deity, or because they believe that God has arbitrarily commanded certain actions and forbidden others.

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These nontraditionalists tout a "scientific" or "rational" ethic. The opposite of "rational" in this context is not "irrational"; it is "theistic," "customary," or "received." No one would admit that his own ethical system or moral code is irrational, and it is obvious to everyone who has checked into the matter that there have been and are ethicists of several schools who are powerful reasoners. Every philosopher relies on reason, and not only rationalists; however, reason does tell some men that reason is not the exclusive route to knowledge of the complex reality that environs us.

A distinction which arises at this point seems to elude many. It is a distinction between reason as a means for achieving a norm, and reason itself as the norm. Perhaps the point may be clarified by analogy. "How do you propose to go to Boston?" is a question which demands answers in two distinct categories. "By car" is one answer, which informs us that the means of transportation is not train, plane, foot, or horse. Having settled this point, we still need further information before the question can be regarded as answered. "By way of the Taconic, north, to the western end of the Massachusetts Turnpike, then east." This gives us the route, so that we know that the car will not proceed up the Merritt or over the New England Thruway.

Now take the serious question, "How shall we validate ethical norms?" Those who answer, "By reason," are really uttering a mere truism. "We're going to think about it," they are saying. And everyone who thinks about these or any other matters is using his reason. This is our only means for figuring things out, and it is not a means belonging exclusively to rationalists; it is the common means employed by everyone who philosophizes. Using this means, we seek for answers to the question of how to validate ethical norms. This has to do with the realm where the sanctions may find anchorage, whether within nature and society, or in a realm beyond the natural and social orders. Reason is our tool for operating on the problem posed; it is not itself the answer.

Experts at Debate

There are dogmatists on both sides of this controversy, and the skilled among them can and do expose weaknesses in their opponent's position. The humanist might charge his opposition as follows: The moral code is an acquired characteristic; it has to be learned anew by each generation. It is difficult enough to establish this code theoretically, even if we

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treat it as self-evidently useful to society and necessary for harmony in human relationships. Why, then, compound these difficulties and force things out of focus by involving ethics with metaphysics? The uncertain, in this or any other area, is shored up by relating it to the certain; but when you hook ethics up with metaphysics, you relate it to the even more uncertain, to the dubious! We don't need a transcendent sanction in order to validate or prove a down-to-earth ethic.

To which the theist might respond: If you appeal to Nature to sanction human conduct, you haven't looked very far into Nature. Not even Kropotkin with his mutual aid theories denied the Darwinian struggle for existence; he merely desired to point out that it was not the whole story. But it is part of the story, and a large enough part so that we are justified in saying that Nature gives a mandate to the powerful, the fleet, the unscrupulous to live off the weaker, the slower, the innocent. And if you think to draw your ethical sanctions from society, whose society are you talking about? A society of headhunters? Nazi society? Communist society? The Great Society? As a matter of fact, if a significant number of people can be made to believe that moral conduct is merely that which is sanctioned by the society in which they live, then morality is subverted into merely customary behavior and mere legality. Furthermore, you are confusing sanctions with consequences. An ethical code resides somewhere behind the sanctions advanced to validate it, and the consequences cited to justify it. If the code is put into practice, the consequences may well be personal happiness, interpersonal harmony, and a prosperous society. But these results do not constitute a set of sanctions; the sanctions are on the other side of the code, in the realm of philosophy. Once we are intellectually convinced that our moral code is valid, then muster enough will power to practice it, then – and only then – do we get a bonus in the form of well-being in society. But you have the thing turned around! So much for the preliminary give and take.

A Way Through the Dilemma

Evidently, each side has a case which might be spelled out at length. Is it a deadlock, or do we have here an instance of an impasse due to the hardening of the categories on either side to the point where their usefulness as conceptual tools has been impaired? And, if this is so, is there a way between the horns of the dilemma? There might be such a

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breakthrough if we could – by adopting a new perspective – pose and develop a thesis which might avail itself of certain strong points in both positions. Here's such a thesis: The moral code plays a role in the life of man comparable to the role of instinct in the lower organisms, in that each functions to relate the inner nature of the respective organism to the full range of its environment.

The recently published *Harper Encyclopedia of Science* says that "the scientific study of instinct has increased greatly in recent years, and the concept itself has regained an academic respectability it has not had since the time of Darwin." At the forefront of this research, much of it under field conditions, are Tinbergen, Lorenz, Thorne and Barrends; Europeans all. "It now seems clear," the entry continues, "that instinct and intelligence are two quite different ways by which animals meet life's problems. Instincts are essentially prefabricated answers." In a word, an organism's instinctual equipment adapts it optimally to its normal environment. Animals – along with birds, insects, and fish – are equipped with a kind of internal servomechanism, or automatic pilot, which keeps them effortlessly on the beam. Instincts align the animal with the forces of life, or with the laws of its own nature. Organism and environment are thus kept "in play" with each other – except when environmental changes are so catastrophic that the automatic adjustment equipment fails, the organism perishes, and perhaps a species becomes extinct.

The very perfection of automatic, instinctual adjustment may prove the undoing of organisms relying on this device; when survival depends on a creative response to novel environmental changes, something other than instinct is needed. This is, of course, intelligence. Instinct is not a mere precursor of intelligence, nor is intelligence an outgrowth of instinct; they are radically different. In order for intelligence in man to have an opportunity to flourish, the instincts had to be suppressed.

The Absence of Instincts

Human beings are virtually without specific instincts. There is no servomechanism in men which automatically keeps the human organism or the species within the pattern laid down for human life. Men have to figure things out and, by enormous effort, learn to conform their actions to the relevant norms in the various sectors of life. This absence of instincts in man constitutes the ground for man's radical inner freedom, the freedom of his will. Animal lives

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are fixed to run in narrow, constricted channels; they obey the will of God willy-nilly. Men, however, vary enormously from each other at birth, and the differences widen as individuals mature each into his specialized individuality. And each person has the gift of a freedom so radical that he can deny the existence of the creative forces which produced him. This freedom of his makes it not only possible but mandatory that man take a hand in the fashioning of his own life. No man *creates* himself, but every man *makes* himself, using the created portions of his being as his resources. This is what it means to say that man is a responsible being.

A magnificent animal like Man o' War is not a natural horse; he is the product of generations of human breeders and trainers of horses. They are mainly responsible for his superiority, not he. Of all the orders of creation only man is a responsible being; everything else, every horse, dog, lion, tiger, and shark is what it is. Only man is, in any measure, responsible for what he is. Man makes himself, and therefore each person is morally responsible for himself. This is possible because man has escaped from the strait jacket of instinct.

Let me quote from a once well-known Dreiser novel, *Sister Carrie*, which appeared in 1900. "Among the forces which sweep and play throughout the universe, untutored man is but a wisp in the wind. Our civilization is but a wisp in the wind, scarcely beast, in that it is no longer wholly guided by instinct; scarcely human, in that it is not yet wholly guided by reason. On the tiger no responsibility rests. We see him aligned by nature with the forces of life — he is born into their keeping and without thought he is protected. We see man far removed from the lairs of the jungles, his innate instincts dulled by too near approach to free will, his free will not sufficiently developed to replace his instincts and afford him perfect guidance. He is becoming too wise to hearken always to instincts and desire; he is still too weak to always prevail against them."

Dreiser makes full use of a novelist's liberties here, but his pointer is in the right direction. Something within the tiger causes it to obey the laws of its inner nature unconsciously and easily, and, by so doing, the beast is in harmony with outer nature as well. But man's case is radically different. Does he have a true nature deep within him, visible when the environmentally imposed camouflages are peeled off? And, if so, what are its mandates? Once man

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knows the laws of his own being, how shall he muster sufficient will power to obey them while avoiding distractions and temptations that emanate from other facets of his complex nature?

My thesis is that the role played by instinct in the lower order – keeping the organism on target – is assumed in man by the ethical code. Animals have instincts but no morals; men have morality but no instincts. An animal's instincts guarantee that he will neither disobey nor deviate from the law of his being; a fish does not seek the dry land, a robin does not try to burrow in the ground, a gibbon does not yearn to swing on the North Pole. But man fulfills the law of his being only with the utmost difficulty – if then – and the only means at his disposal to align him with the forces of life is his ethical code. It is this code, and this alone, which may provide him with a life-giving, life-enhancing regimen.

A Single Ethical Code

Let me anticipate two quibbles. Instinct is sometimes contrasted with intelligence, and it is the latter, some say, on which man must rely. Or reason, as Dreiser suggests above. This is a play on words. We rely on intelligence to improve transportation, but we actually ride in automobiles or airplanes, which are the end result of applying intelligence to the problem of getting from here to there. Similarly, it is intelligence that discovers, analyzes, frames, and selects the ethical code. Which brings up the second quibble. Why *the* ethical code? Are there not many conflicting codes? Well, no – to be dogmatic! There is a hard core of similarity, almost identity, in every one of the world's developed moral codes. This is the *Tao*, the Way, referred to by the great ethical and religious teachers in all cultures. Without it, man ceases to be man. (For an expansion of this point the interested reader is referred to C. S. Lewis' *The Abolition of Man.*)

This begins to move us away from the humanistic ethics referred to earlier. Do we need to part company, and if so, by how much? The two most prominent schools of naturalistic ethics are the utilitarians and the pragmatists. It was John Stuart Mill who invented the name and argued the case for the former. He described it as "the creed which accepts as the foundation of morals, utility, or the Greatest Happiness Principle." It "holds that actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness. By happiness is intended pleasure, and the absence of pain;

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by unhappiness, pain, and the privation of pleasure."

Pleasure and happiness are desirable indeed, and we wish more of them for everyone. But to equate "pleasure producing" with "right" at the outset of a proposed ethical inquiry is to beg the question. There is undoubtedly a connection here, for doing the right thing has a high degree of correlation with happiness, but the connection is along the lines of the intelligence-automobile illustration above. It is as if the utilitarian were asked, "What is the temperature of this room?" and he answered, "I feel chilly." Now there is some relation between this question and the answer, but the answer is not directly responsive to the question. It evades the question, implying that there is no way of finding out the temperature. There is no thermometer, perhaps. Mill and the utilitarians do not really get at the ethical question. They think they are talking about ethics when, in fact, they are discussing something else. Similarly, the pragmatists.

Why Does It Work?

The pragmatists are mainly concerned with workability; it's right if it works. Here is a map of the New England states. The pragmatist follows it and drives to Boston without getting lost. "Wherein lies the virtue of this map?" you ask him. "This map is good because it works; it got me to where I wanted to go." "Why," you pursue, "do you suppose this map got you to your destination?" "That," says our pragmatist, "is a metaphysical question of the sort I cannot be bothered with." So, we have to answer the question for him. The map "worked" because it was not just any old map; it was a map which corresponded to the terrain over which our pragmatist traveled.

An eminent British philosopher of a generation or two ago, W. P. Sorley, neatly wraps up and disposes of utility-workability theories. "It may be allowed," he writes, that the "relation between theory and practice does not necessitate the pragmatic explanation that the truth of the theory simply consists in its practical utility. The correspondence between theory and practice can also be explained on the view that the knowledge proves itself useful in its applications because it is true: the utility does not make it true; its truth is the ground of its utility. The former explanation is open to the fatal objection that it tends to discredit itself; for, according to it, the truth of the view that truth consists in utility must consist in the utility of this view. It would

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be difficult to show any practical utility which the explanation possesses; but if we did succeed in showing such utility, it would be formulated in yet another proposition, whose truth again would have to consist in some practical end supposed to be served by it, and so on indefinitely. But if the truth of the proposition does not consist in or depend upon its utility, then we may hold that its utility depends upon its truth: it is useful because it expresses reality or real relations in the form of knowledge, and this brings them within the range, and possibly within the power, of the human mind."

Objective Moral Values

And now what about the weaknesses in the case for the theistic ethics, as that case is usually put? Fundamental to this position is the conviction that moral norms and standards are as much a part of the ultimate nature of things as the fact of the specific gravity of water. It might be convenient, at times, if water had other characteristics, but wishing won't alter the facts. Likewise, moral values. Honesty is right, and most of the time it may also be the best policy. But there are times when dishonesty would pay, where honesty makes us mighty uncomfortable; there is a conflict between what I want to do and what I know I ought to do. In order to maintain the integrity of the moral life, the ethicist champions the view that moral values are "out there," objective, as impervious to human tampering as any other fact of nature. Emphasis on their objectivity seems to imply that moral values are alien to human nature, and, if alien, hostile to man. If they are equated with God's will, God comes to seem an Oriental despot inflicting arbitrary and perverse rules upon his creatures for his pleasure and their frustration. This syndrome is, of course, a caricature.

Moral values are said to be objective in the sense that their validity is part of the system and order of the universe, of that same universe which is manifested also in persons. Neither is alien to the other, because both are part of the same reality. Sorley goes a step further. "The objective moral value is valid independently of me and my will, and yet it is something which satisfies my purpose and completes my nature." The ethical code may come into conflict with our superficial self on occasion, precisely because it takes its orders from our real self. Inner conflicts are a part of living, and we encounter them in all the ventures of life.

Take any sport played to win.

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It becomes a day and night preoccupation, with hours given over day after day for years to strenuous workouts. But this is only the visible part of the story. There is also a perpetual conflict with the impulse that wants to break training, to goof off, to lead a more normal life. Then there is the agony of the contest itself where the will to win takes over and pushes the athlete beyond his powers of conscious endurance into collapse the moment after his victory. His deepest will had attached itself to a regimen for optimum functioning, overcoming the continuous static and rebellion from other facets of his personality. Similar experiences are encountered in the intellectual life, and in the moral life.

Check out the latter with a medieval theologian. Thomas Aquinas says: "If virtue were at odds with man's nature, it would not be an act of the man himself, but of some alien force subtracting from or going beyond the man's own identity." Go back to St. Paul. The Gentiles do not have the Mosaic law, he writes in his Epistle to the Romans, but "they show the work of a law written in their hearts." And Moses himself, as recorded in Deuteronomy, commends the keeping of God's commandments in order that there shall be flourishing life. "Choose life," he says. Where is this commandment, he asks rhetorically; is it up in heaven or beyond the sea? No, he declares, "the word is very nigh unto thee, in thy mouth and in thy heart, that thou mayest do it." What are we to understand Thomas, Paul, and Moses to be saying? Are they saying that to obey God's will for us is equivalent to following the laws of our own being? It's pretty close to that. And that is precisely what an animal's instincts do for him. The difference is that we are free to ignore or disobey the laws of our being, whereas no animal has that power.

Tested by Time, the Human Potential Emerges

In the course of several thousand generations of human beings a slow deposit has accumulated as the result of individuals here and there successfully realizing a portion of the human potential. The recipes they left behind, tested and winnowed over the centuries, form the hard core of the ethical code. This is not a prescription for a life of power-seeking, or one of money-making, or a life devoted to fun and games, or to fame. These things are not intrinsically evil, but an inordinate attachment to any one of them breaks training, so to speak. Proper use of them, on the other

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hand, is part of life's schooling process.

What are we being schooled for? A clear-cut positive answer to this question is impossible, for it outruns human experience. But a pretty clear hint comes through when we contemplate the alternatives. Wealth, pleasure, power, and even knowledge, when sought as ends in themselves, begin to send up signals that they are, in reality, only means to ends beyond themselves. The space scientists "build redundancy" into their capsules, more of everything than normal requirements would ever demand. Man, too, is overbuilt, in that each person has a wide range of potencies and a reservoir of untapped energy at his disposal, more than any of us ever use. Nor is man left on dead center with all this latent power. He has a chart containing the salient landmarks, and this chart is the ethical code. Let him begin to use this chart and the pieces fall into place, bits of the great design begin to emerge, the person fulfills his destiny. "The event is in the hands of God." ✠

A Difficult Question

STANLEY YANKUS

WHAT did you talk about at the dinner party last night? Chances are you discussed the weather, your favorite TV show, sports, a story in the news, and similar trivia. We don't often discuss our deepest concerns; how often do we engage in a conversation about the purpose of life? It's not that few persons care about life's meaning; everyone wants to know what it's all about. Conversations about the purpose of life are rare because one difficult question leads to another and no one likes to admit he's stumped.

Why do we need a purpose in life anyway? Should not life, after all, be lived spontaneously and adventurously? Let the philosophers think about life; the rest of us are content to live it! But can we live life to the full – and not merely exist – unless our lives have direction? The effort to discover the

Mr. Yankus moved to Australia from Michigan in protest against government intervention in agriculture, but knows that it is not a sufficient purpose for his life.

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purpose of life is to provide us with a goal, lacking which we are hopelessly lost. No wind serves him who has no destined port, runs an old proverb.

You own a clock to tell the time, a pen to write with, a chair to sit on. Catalogue your possessions and isn't it true that every one of them is owned to some purpose? When something has served its purpose — your purpose really — you discard it. Things which do not serve some purpose of ours are without value to us; but what purpose do we serve? We don't value any object except as it serves some purpose, and a man will not value his own life unless he discovers a genuine purpose for living. The higher level his purpose, the more will he value the days of his life.

Man Needs a Purpose Beyond Primary Survival Needs

Let's pose a basic question: Why do we need anything at all? In imagination, abandon all your possessions, then observe what needs come first to the fore. Before the day is out we'll experience discomfort and perhaps pain; hunger pangs and the sharp edge of the north wind make it clear that our primary survival needs are for food, clothing, and shelter. If you wish to go on living, old mother nature doesn't offer you any alternatives at this level; meet these primary needs or die! But once these needs are met and your survival assured, then you are confronted by the need to find something to do with your life that will give meaning to survival by challenging your powers and drawing out the best that is in you.

Some men have said that the noblest purpose in life is to serve our fellow man. Suppose someone dedicated to the ideal of serving others knocked on your door saying, "I have decided that I know what is best for you. You are making some horrible mistakes in your life and I have come to convert you to the correct way of living." Such a caller would get a cold reception. Every man has a right to live his own life, and men whose professed purpose it is to serve others deny this right to those others. Besides, the man who is busy serving others cannot be engaged in his own self-improvement. And if his own self is unimproved, how can he improve others?

There are many choices open to anyone who tries to select the best purpose in life. Choice itself is the foundation of every such purpose; life would be meaningless in the absence of any choice. If some bureaucrat had the power to decide how you should think and act

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in every situation, there would be nothing in your life you could call your own, not even your life purpose.

The Liberty to Choose

The greatest opportunity in life given to man by his Creator is free will – the liberty to choose what he likes to do and reject what he does not like to do. Many men let their lives be governed by their likes and dislikes. However, what a man likes to do and what is right are not always identical, as I shall demonstrate.

Children at play will always choose what they like to do. Watchful mothers forbid their children to play with electricity, matches, poisonous drugs, and other harmful substances because the consequences can be injurious or even fatal, no matter how much the child may enjoy such play. One of the aspects of growing to maturity is a recognition that our actions have consequences for which we are responsible.

Many men believe the circumstances in their lives occur by luck or chance. Such men deny that cause and effect operate in the universe. It is self-evident that a man is free to choose what he likes to do, but he cannot choose the consequences of his actions. These are determined by the nature of things.

For example, a man is free to touch a red-hot stove with his bare finger and he is free to tell lies to all of his friends, but he is not free to choose the results. His finger will get burnt and his friends will despise him for his untruths. The results of these actions and of every other action in life are determined by the natural laws, whether man likes these results or not. His likes and dislikes will not turn his mistakes into virtues.

What is a law of nature, anyhow? The laws of nature, the laws of God, the laws of Creation are simply phrases used to describe the way things are and the way things work. The laws of nature cannot be canceled, bribed, or evaded. If you seek liberty, good health, or success in any other worthy endeavor, look for the laws of nature underlying all things. As I see it, man's chief purpose in life is to discover the laws of nature so he can harmonize his actions with them and achieve good results in whatever he wishes to do with his life. Such a purpose in life excludes no one. It is open to everyone, no matter what his circumstances may be.

By seeking the laws of nature in all things, a man best serves God, his fellow men, himself, and the cause of liberty.

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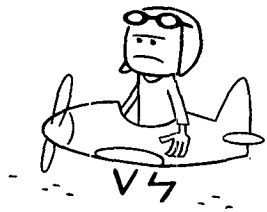
The Art of Iconoclasm



ORIEN JOHNSON

MY FIRST experience in iconoclasm occurred one afternoon after a hard day at the office. My four-year-old son greeted me with the announcement, "I can fly, Daddy; I can fly."

Not wishing to squelch the vivid imagination I saw developing in his fertile brain, I went along with him and allowed him to rattle on in great enthusiasm about his new idea. Then I saw what I was doing. I was building him up for a grand let-down, psychological and perhaps even physical – for our second-story sun deck was his favorite play spot and I had visions of him trying a take-off which might have disastrous effects on his little bones. So I knew I must point out the fallacies in his cherished belief in order to prevent possible harm later.

Mr. Johnson, of Palo Alto, California, is a counselor in public relations and fund raising.

Iconoclasm is the practice of tearing down idols or false concepts and ideals which people hold to tenaciously. At first glance this seems a negative position to take, but I am suggesting that it is a good and helpful technique to employ and an art which should be cultivated.

For untold centuries men thought the world was flat, and such a belief didn't matter as long as our transportation needs were confined to a continent or two. But the iconoclasts, the early explorers and scientists, took away this ancient belief and replaced it with a concept more compatible with the world in which we live. Iconoclasm, in this case, proved a beneficial practice for the good of all mankind.

When we move from the area of the physical sciences into that of the social sciences we find a multitude of theories and prac-

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tices being taught and held with great passion. My particular concern in this paper is the so-called revolutionary ideals and hypotheses being disseminated among college and university students. In a sense the tired old men of the Establishment have had a hard day at the office and the young generation is saying, "We can fly, Daddy; get out of the way."

Highly idealistic young people are dreaming grand dreams about changing the nature of man and liberating the world from all oppression. Many are evidently only concerned with rebellion against the established order and seek only to disrupt and destroy it. Some are so certain they will succeed in the complete overthrow of the present order that they are wondering what they will put in its place. At this point a few are dragging in Marxism and other variations of faded socialistic dreams and holding them up as if they were innovations on the social scene. They can't understand why everyone doesn't see the light, and are quick to label all unbelievers "racists" or "fascists." They are like the little boy who found a dead cat in the garbage can and said to his mother, "Look at the perfectly good cat I found," then was puzzled at his mother's attitude when she refused to share his enthusiasm.

It is time for parents, teachers, and others who have any contact with youth to learn the gentle art of iconoclasm. We must discover how to carefully point out the fallacies in their theories before they are severely disillusioned and irreparably hurt.

I use the term "gentle art" and urge the *careful* approach as opposed to the *confrontation* and *polarization* tactics of the young radicals. Men only use these latter tactics when they won't take the time to learn how to communicate or wish only to impose their will on others with displays of power.

Blueprint for "Liberation"

The following quotations are from a program written by several "Berkeley Liberation Committees" as examples of theories and ideals being adopted and disseminated by certain radical students, professors, dropouts and fellow sympathizers in one university community. From these we might be able to formulate an approach for parents and educators who would establish communication with those who follow such leadership.

"We shall create a genuine community and control it to serve our material and spiritual needs."

I had to look for this statement. I wanted some point of agreement, some common point from

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which to say, "Here we stand together. Now where do we go from here?" Can we not commend young people for their desire to provide for man's material and spiritual needs? I'm sure we could all agree that such needs can only be met in community. Now our only problem is to seek feasible ways to accomplish the goal we both desire.

There is one word in that quote we should probably clarify first. Exactly what is meant by *"control"*? Are we not all concerned with liberty? Are we not concerned with restrictions and controls that inhibit the fulfillment of our material and spiritual needs? We must know the nature of this new "control" before we shake off present "controls" or we may live to regret the change in jailors.

"We will create an International Liberation School in Berkeley as a training center for revolutionaries," they say. *"We will unite with other movements throughout the world to destroy this racist-capitalist-imperialist system."*

We dare not snort at such bravado or flinch when they throw in a few four-letter words. This is all part of the calculated shock-treatment intended to create fear and confusion. We exercise great restraint and inquire further.

"We will create malls, parks, cafés and places for music and wandering. High quality medical and dental care, including laboratory tests, hospitalization, surgery, and medicines will be made freely available. Child care collectives staffed by both men and women, and centers for the care of strung-out souls, the old and the infirm will be established. Free legal services will be expanded. Survival needs such as crash pads, free transportation, switchboards, free phones, and free food will be met."

And Who Will Pay?

Here are some points we can respond to with sincere interest. This is a positive program. We can commend them on their concern for these urgent human needs. But we must ask, "How will these services be paid for?" And the "Berkeley people" have an idea.

"Businesses on the Avenue should serve the humanist revolution by contributing their profits to the community." Indeed. And what if they don't?

"Berkeley cannot be changed without confronting the industries, banks, insurance companies, railroads, and shipping interests dominating the Bay Area. We will demand a direct contribution from business, including Berkeley's biggest business — the University, to the community until a nationwide

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assault on big business is successful."

We force ourselves to hear them out, then probe some more. "What if confrontations and demands don't bring in enough money? Would more violent means then be attempted?"

"Through rent strikes, direct seizures of property and other resistance campaigns, the large landlords, banks and developers who are gouging higher rents and spreading ugliness will be driven out. We shall force them to transfer housing control to the community, making decent housing available according to people's needs."

Transferring Title

Now we are beginning to get the picture. They propose to seize property by force and drive out the present owners. Would it be possible for us to point out that when this occurs *they* will then become the oppressors and the former owners would become the poor people with the same problems they seek to solve by means of this violence. Will these new poor people then have to start another revolution and wrest the power back again in order to meet their needs? Perhaps this is what they have settled for, an endless succession of oppressions and revolutions in which the power mongers use the "needs of the downtrodden masses" as a psychological weapon by which to gain sympathy for their cause. Once they are in power another power structure will form and hope to gain the upper hand. And the slogan-symbols for such a program are "peace and love."

It should be easy for us to point out that political revolutions are comparatively easy to precipitate. They have been occurring quite regularly for many centuries. The manuals tell how it is done. You march, you demonstrate, you protest, you write clever slogans on signs, you resist, you propagandize, you destroy. These are easy to do because you can always point your finger at the "bad guys" and keep at it until you cut them down. And I'm sure many young people have settled for this exciting prospect and are ready to die for such a short-sighted goal.

Innocent Victims

But there are many more thoughtful young people who are genuinely concerned about social issues. Yet some of these will get caught up in the excitement and go along on the destruction jag just for the ride. They think this is the only way to fly, and are not prepared for the crash that inevitably occurs at the end of such

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utopian dream flights. These are the ones in which we must invest special time and interest in our iconoclastic pursuit.

A skillful iconoclast knows that a person will not give up a cherished belief until he finds a better one. The reason some people hold so strongly to false concepts is because of a basic insecurity. They are usually deeply concerned about life and its problems and sincerely want to have some part in change for the better. They have become disillusioned with the clichés and the slogans of successive political platforms and their inability to live up to their many promises. Some have settled for the fanatical destruction philosophy as a last desperate attempt to level the status quo and build again on the ruins.

We must remember that these highly motivated young people are not basically diabolical and evil. Most of them sincerely desire good to come of their actions however radical they may seem to some.

They are like the possum which crawls farther and farther out on a limb when a hunter climbs the tree after him. The more the hunter shakes the limb, the tighter the possum clings to his insecure position. He will only leave this tenuous position by sheer physical force; or when the pressure is off, he will find his way back to a more secure position.

So the skilled iconoclast does not begin by shaking limbs, but carefully shows and demonstrates a better way. In a sense we are saying, forget all these grandiose programs aimed at healing all the ills of the world. Give freedom a chance. The social problems of mankind are much too sophisticated for any simplistic plan to cure. None of these ideologies is worth defending with all the pent up emotions that divide men and cause an eternal succession of bloody conflicts and wars.

On a Person-to-Person Basis

But there *is* something we can do about the needs of men. There is a positive program to which we can subscribe. But it is a program we design ourselves and one that can only be implemented by us as individuals or by others with whom we voluntarily cooperate.

We create our own social revolution by doing something revolutionary whenever we see a fellow human suffering. According to the ancient parable, two-thirds of the men who saw the wounded man lying beside the road passed him by. Only the Samaritan did something about the situation. The two who were too busy to respond that day were busy men dedicated to work for mankind through the respected

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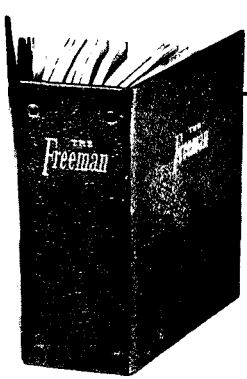
institutions of their day. They were so busy serving "humanity" that they failed to notice a suffering *human*.

This hypocrisy hasn't escaped the notice of sensitive young people who see the same attitude reflected in many of our modern institutions. So the cry goes out to renounce allegiance to all the traditional institutions and to celebrate this new freedom with singing and dancing in the streets. And in the alleys behind those streets are the cheap flats where rats gnaw on baby's toes and old people live in solitary loneliness with no one to care.

The climate of opinion which the young radicals have created calls for renunciation of the inhumanity of computerization and the depersonalization of automation. It calls for globe-encompassing plans to liberate the masses. It calls for a new terminology which makes extensive use of the words *love, peace, brotherhood.* Yet it makes no realistic provision for the brother in the alley who is an epileptic and can't enjoy the music in the streets.

How revolutionary must a program be to attract today's youth? Is this one radical enough to tear a few of them away from the singing and dancing long enough to read a book to a blind person in a smelly hovel? Or listen to the woes of a gin-soaked mother, especially if she happens to be their own?

There's more to the art of iconoclasm than meets the eye. It is not so much a philosophy to expound and argue as it is a radical way of life. This kind of philosophy is caught rather than taught, but it is probably the only way to save our youth from utter cynicism and at the same time to save our own sanity.



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Who PAYS TAXES— and How?

LEMUEL R. BOULWARE

EVERYONE is demanding a rapidly rising level of living. And most citizens expect their take to mount much faster than their contribution . . . with government paying the difference.

They seem vaguely to assume that government will recover most of its costs from a very few individuals or from the owners of business or from future generations or from some magic source. Public servants in both parties, as the price of getting and staying in office, are forced to appear to be getting a lot done, and trying to get a lot more done, in this direction demanded by the majority. But most citizens – including most college graduates – seem not to know where the money is to come from.

Government can and does get money in only two ways. The first is from current taxes assessed as taxes. The second is from what appears to be borrowing against future taxes. But most all such borrowing now turns promptly into the very current tax of inflation.

Government collects this money through both direct and indirect taxes. Both kinds wind up being paid almost entirely by consumers. But taxing consumers directly and visibly is unpopular and very bad politics. The electorate keeps forcing government to minimize direct taxes and collect its major revenue indirectly through taxes hidden in prices and collected from consumers in two ways.

The first is through the levies on business which are erroneously believed by most citizens to be levies on the owners. These taxes are not and cannot be paid by the owners in any business that survives. They are merely collected for government by business in prices which have had to be increased enough to cover the hidden indirect tax.

The second way government collects money indirectly through consumer prices is by inflation which, historically and now, is simply a tax of the most deceitful, most brutal, and most debilitating kind. How it comes about is this:

Government does not dare tax to equal expenditures, because that

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Mr. Boulware, now retired, is noted for his educational approach to industrial relations at General Electric. This article is excerpted by permission from *The Truth About Boulwarism*, reviewed on page 760.

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would require disillusioning the majority of voters who believe something-for-nothing can be obtained for the many through government or other gang force.

So government borrows. If it can borrow from individuals — with a proven history of paying back loans — this would not normally be inflationary since the arrangement is self-correcting. But government quickly finds it cannot borrow enough from individuals since they know government is on an inflationary course and will not pay back as much value as it borrows.

So government is forced to borrow from the banks. The money is put on deposit. This results in creation of new money to match the amount of the borrowing but not matched by any new supply of goods. This is politely called "monetizing debt." Actually, it is just printing worthless money which is added to the existing supply and dilutes the value of existing dollars by just that much. The consumer pays his part of this as a hidden tax in every purchase thereafter.

So, who pays taxes? Everybody does. No few do or could supply the enormous sums which government is spending and which long since exceeded the total income of everybody west of the Mississippi.

Such huge taxes cannot be supplied from any few considered wealthy. Even the best-off 10 per cent of all families — down to include the $1,000 a month level — pay only 28 per cent of the nation's tax bill. The rest has to come from the remaining 90 per cent of the population. These 180 million persons — while as a group receiving 85 per cent of benefits to individuals — have generally no idea they are themselves supplying 72 per cent of everything government spends.

The further down the income, savings, and even the relief scale a citizen is — that is, the poorer he is — the greater is the relative impact on him of the taxes levied on business and of the tax of inflation levied on him through government cheapening his money.

Consumer tax and price problems are not solved by what appears to be a shift of the burden to business. Borrowing hardly delays at all their impact to the consumer. The only remedy to stop inflation is at its source. The best way to start is to cut out the futile and wasteful part of the government spending and to tax openly to match the remaining expenditures. Public servants will do this once they become convinced that a majority of their constitutents knows the facts and wants it done.

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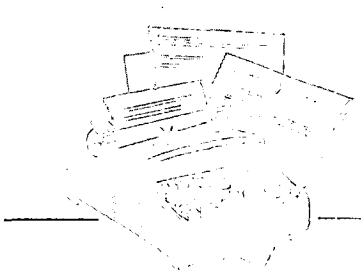

A FREE LANCE IN THE FREE MARKET

ROBERT G. BEARCE

DURING my freshman year of high school, I took upon myself that patriotic but arduous task of making myself a fervent anticommunist. Books pertinent to the subject were studied with more zeal than were algebra and world geography, and I proceeded to accumulate a voluminous library exposing that most evil monster formulated by Karl Marx. Complex numbers, the binomial theorem, and the main waterways of Europe held but a secondary status in my education. My energies were channeled toward more profound subjects — dialectical materialism, slaughter of the kulaks, and Comintern policy.

One of my first priorities was to really *know* what communism was, that is, what it was that I abhorred with so much enthusiasm. This was accomplished by writing a definition compiled from dictionaries, various encyclopedias, and literature on Marxism-Leninism. I labored on this momentous undertaking for a full two weeks, using in the process at least two score sheets of notebook paper. Only after the most scholarly and diligent study was I able to gloat over the final draft defining communism in two or three precise, hard-hitting paragraphs.

Since that period of shrewd study into Bolshevism eight years ago, I have lost my prized definition, not only in material fact but

Mr. Bearce promised to try an article when he recently subscribed for *The Freeman*. Here it is.

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also from my memory, for I did have it memorized. Remember, I wanted to prepare myself adequately for the opportunity to enlighten unwary Americans about the threat of the Red Horde.

Quite frankly, my enlightenment as to the horrors of communism was nothing more than a naive, emotional response. It had nothing to do with a penetrating, conscious understanding of the real nature and threat of communist theory.

But in this type of involuntary hypocrisy, I doubt that I stand alone. I fear that today I have many comrades-in-arms who are zealous defenders of capitalism, the free market system, free enterprise, and the like, without practicing what they preach. Their devotion to the integrity of the individual is a deceiving accumulation of words, clichés, and books on capitalism, not a day-by-day living example of that belief.

Several days ago, on my way to see my physician, I spotted a bulletin board outside a church which gave wee words of wisdom to passers-by.

The message: "Preach by your ACTIONS and not by your WORDS!"

Amen and ditto! We have a bad habit of cloaking ourselves in self-contented pride concerning our intentions and thoughts without ever taking positive steps forward in proof of our faith.

I've seen a lot of my physician these past few years. During my senior year of high school, I had to drop out due to illness. I am now twenty-two, and still haven't recuperated enough to permit my attending a bastion of higher learning, that is a college, where some of my colleagues are sitting, cursing, marching, burning, and rioting. Yet, I have gained during this time a better understanding not only of communism but of many other areas of life as well. Despite my lack of a degree and material-physical assets that many claim necessary for security and accomplishment, I have rolled up my sleeves and entered into that stimulating proving ground for progress — the free market.

Rugged Competition

No, I'm not an industrialist, public relations man, or supermarket proprietor. I'm a free-lance writer, a financially embarrassed one to be certain, but a writer, nevertheless. It is in this field of joy and disappointment that I have learned to appreciate free enterprise, and only when I began to understand this system did I really attain any knowledge of what communism is. I claim no more than an elementary understanding of the American economic system,

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but what I have learned on the positive side of capitalism proves to me that socialism has always failed, that it will always fail, and that it works contrary to the freedom with which man is endowed by God.

Take away the hammer and sickle, the workers' parades with red banners, the brute force, and the concentration camps so characteristic of Soviet communism, and what do you have? Nothing but a miserable, freedom-choking system known as socialism. Indeed, if you removed the brute force, you wouldn't have socialism at all, since the system survives on totalitarian coercion bolstered by occasional transfusions of good old capitalism.

But I do not mean to wander into a slough of despond over the evils and sins of the socialist state in the Soviet Union. My testimony is one of optimism regarding my experience in the free market realm of editors and rejection slips.

Finding the Market

I am my own man, left to my self-discipline, individual initiative, and personal responsibility. I've no desire to write pornography, so I have no state interference or regulation. The only restrictions imposed upon my work are those I place on myself – laziness, conceit, inefficiency – and those placed on me by magazine editors.

Now, magazine editors are human – a fact that I doubt often but one that gains credibility when the postman brings me a check in return for an accepted story. Editors are guided primarily by what their readers want, whether it be true confessions, murder mysteries, or essays on economic philosophy. This public demand is tempered by editorial innovations and experiments. For example, the public might not be in a mood for the harsh realities concerning air pollution. An energetic editor, though, will use the informative power of his periodical to print a forceful article on the subject, even though his readers might possibly enjoy reading more about rattlesnake hunting in Oklahoma.

My *Writer's Market* lists some 4,000 markets for a free-lance writer. Imagine! *Four thousand* opportunities to sell the product of my ingenuity and initiative – articles that might range from a swashbuckling tale of the sea to an account of the young men and women working in Honduras with Amigos de las Americas. The possibilities open to me include art magazines, trade journals, nature magazines, travel magazines, and garden magazines. Those aren't all. There are calendar magazines, as-

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trology magazines, poetry magazines, and western magazines, not to speak of detective magazines, aviation magazines, and automotive magazines.

Suppose, for example, that I submit a brief article describing a certain druggist's participation in civic affairs to *Drug Topics*, a trade journal catering to the pharmaceutical profession. As often is the case, my submission is rejected. What do I do? I have at least thirteen other trade journals in the drug business that might find my article suited to their publishing needs. I submit to them.

What does this mean? Free market capitalism and *free* competition! The market is there, and it is open to me, unbridled by state interference.

Faith in Freedom Plus Basic Political and Economic Rights

It is in this field of writing that I have come to appreciate freedom. I can't really define this word; I don't need to, for I know that it works in men's lives. Freedom is a living faith to me, and I don't need to have a precise definition of it. Besides the political rights to freedom of speech and press, I have these five basic economic rights:

1. to work in callings and localities of my choice.
2. to bargain with my employers.
3. to go into business, compete, make a profit.
4. to bargain for goods and services in a free market.
5. to be free of arbitrary government regulation and control.

One lesson writing has taught me, with no little pain on my part, is that men definitely are not equal in some respects.

Our Declaration of Independence states: "We hold these truths to be self-evident, that all men are created equal. . . ." What does this mean as we take it in the context of the remaining portions of the Declaration? Simply that each of us has the constitutional right to rise to any level of achievement in this world consistent with his individual capabilities and ambitions.

Nowhere in the Constitution or Declaration of Independence do we find the Founding Fathers proposing that government must assure its citizens equal standards of living, equal intellectual achievement, or equal job status. Henry Van Dyke stated the thought quite nicely: "Democracy declares that men, unequal in their endowments, shall be equal in their right to develop these endowments."

Basic to the above documents of individual freedom are the beliefs that man is not perfect and that only God is divine. It follows that all utopian plans for chang-

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ing society through coercive legislation against the integrity of the individual – all in the name of ultimate perfection – are predestined to failure and are contrary to the will of God.

This ambitious notion that state legislating will change man's environmental conditions and thus achieve utopia without poverty, discrimination, hatred, envy, and the like, is the pleasant reverie of social scholars in a dream world. The heart of the problem lies within *man's heart*. Only when man's inner self-seeking, rebellious nature is changed can he set his mind to overcoming covetousness, jealousy, and racial hatred.

Man Is Responsible

Man is responsible for his actions and thoughts – envy, hypocrisy, and yes, love for his fellow man. Assuming that some state could achieve an all-encompassing equalization of wealth – without totalitarian force – and a society with a minimum of disease, I dare say we would still witness the product of man's inner nature – greed, pride, and all the rest.

Again, men are responsible, each individual endowed with varying ambitions and capabilities.

Frequently in my writing, my ambitions sag, and I must admit, humbly so, that my capabilities remain at a fairly consistent low level. Thus it is that I receive ten rejection slips for each sale that I make. That's a discouraging batting average. Alas, do you not feel for the plight of the downtrodden free-lance writer in America!

I doubtless could make a case with today's compassionate humanitarians and utopians who would demand that the state subsidize me! My rightful share of this nation's wealth would be doled out to me! I could join the legions of other Americans who are daily relinquishing personal responsibility in return for greater authority over their lives! I would be on the road to blissful state security!

No, thank you. I'm content to rise and fall, and rise and fall again according to my own ambitions and abilities. I have a certain amount of satisfaction in knowing that when I'm up, it is due to my own efforts, and that when I'm down, it is due to my own failure.

Success or failure, I am responsible for my own – and free to preach what I practice.

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WELFARISM and Beyond

JEFFREY ST. JOHN, author of *Countdown to Chaos: Chicago, 1968: Turning Point in American Politics* (Nash Publishing Corp., 9255 Sunset Blvd., Los Angeles, Calif., $6.95), is among the prophets. He has been the bearer of bad tidings, predicting the Yippie politicalizing of the Hippie movement, and telling us of the leftist campaign to substitute street brawling for Constitutional legislative procedures, long before any of it happened. But he also has his constructive side: he hopes to turn the forthcoming 200th anniversary of the Republic which is coming up in 1976, into a real celebration of the philosophy of the Founding Fathers, which included a principled acceptance of libertarian economics as well as the politics of limited government and separation of the powers.

In its opening chapters *Countdown to Chaos* deals with the news in a special way, seeking to determine the continuity of Leftist planning that connects such things as the Democratic 1968 convention week in Chicago with what had gone before it and what has come out of it. It was a fortnight before the Students for a Democratic Society and the Yippies had descended on Mayor Richard Daley's Chicago that Mr. St. John, in collaboration with Williamson Good, told *Barron's Financial Weekly* subscribers precisely what was going to happen on the Chicago streets during the convention.

The whole thing had been set in motion early in 1966 with the formation of a Chicago Project Committee by the National Mobilization Committee Against the War in Vietnam, headed by a middle-aged radical named David Dellinger. Rennard (or Rennie) Davis, a chief planner for something called the Center for Radical Research, was put in charge of the Project Committee. Tom Hayden, a founder of Students for a Democratic Society, and Jerry Rubin, the creator of the Yippies, both of whom had collaborated on the march on the Pentagon in 1967, threw in their lot with Dellinger and Davis, and a meeting was held in March of 1968 at an unsuspect-

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ing YMCA camp in northern Illinois to coordinate plans for moving the members of some eighty-five Leftist organizations to Chicago for the "battle of the century" against Mayor Daley's "pigs" and, incidentally, the whole American political process.

In brief, Chicago was anything but spontaneous, even though the "political riot" attracted many innocent youngsters who had put in appearance just because they felt it the "in thing" to do to "make the scene."

If the media had really tried to get at the truth of what happened in Chicago, there would have been no need for Mr. St. John's recapitulation of events. But the TV coverage, as was perhaps inevitable, zeroed in on violence with no attempt to explain its genesis. What we got from the news media was an unmotivated story. We saw the police "reacting" to events; we learned nothing very much about the long-planned provocation designed to turn the week of the Chicago Democratic Convention into the opening salvo in a revolutionary war.

Mr. St. John is an excellent reporter who tried to delve below the surface of immediate happenings. But he is much more than a reporter; he is also a student of liberty in the Leonard Read sense. The second half of his book takes an unexpected turn when he makes the announcement that "regular Democrats and Republicans have no idea of the real aim of the New Left." The Convention Week events in Chicago of 1968, he tries to tell the "regulars" of both parties, were "part of an attempt, such as that in Germany in the 1920's and 1930's, to carry the country beyond the welfare state." And with this Mr. St. John is off into a description of how the welfare state becomes a "bridgehead to the police state."

Mr. St. John is worried about certain historical parallels. Quoting Dr. Leonard Peikoff of Brooklyn College, he notes that the period of the German welfare state under Bismarck and the coming to power of Hitler and National Socialism was "roughly forty-five years." The period spanning the birth date of the New Deal in 1933 to the "violence and disorders" of the Democratic 1968 Convention is "roughly thirty-five years." More ominous still, in Mr. St. John's opinion, is the collapse of latter-day Liberalism (not really Liberalism) in the 1960's and the emergence of a New Left radicalism similar to that which engulfed Europe prior to both World Wars. The New Left anarchists echo the syndicalist Sorel on violence; the hippies recall the Vandervogel German youth of the

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Weimar Republic who dressed in nonconformist clothing, strummed guitars, and moaned around their camp fires that the "older generation would not let them be 'free'."

Far from making them happy, the welfare state and the "mixed economy" encourage the young in their contempt for the whole subject of economics. The need for savings is not understood when a minimum is seemingly guaranteed without regard to one's contribution to production. Mr. St. John notes that the appearance of the "mixed economy" and the welfare state was followed by dictatorship in Russia and Poland (1917), Italy (1922), Spain (1923), Turkey (1923), Chile (1927), Greece (1928), Japan (1929), Brazil (1930), the Dominican Republic (1930), Argentina (1931), Guatemala (1932), Uruguay (1933), Austria (1933), Germany (1933) and Mexico (1934). In all cases the retreat from capitalism was followed by an abandonment of democratic government.

Mr. St. John quotes Hayek: "It is now often said that democracy will not tolerate 'capitalism.' If 'capitalism' means . . . a competitive system based on private property, it is far more important to realize that only within the system is democracy possible." No doubt a certain amount of state welfarism can be tolerated for a time in the richer nations without a relapse into dictatorship. But the attrition of democracy begins when enough people, responding to the demagogues, begin demanding more from the central government than is compatible with maintaining a rate of savings sufficient to keep production expanding as the population itself increases. Inflation and taxation, the source of welfare funds, require compulsion to make them acceptable. And, as Hayek has said, "the worst gets on top," for only the "worst" is willing to use the clubs that are necessary to compel the producers to yield what ought to be regarded as the seed corn for future crops.

To save the U.S. from the anti-capitalist "counterrevolution" that began in the nineteen thirties, Mr. St. John suggests that we institute an "Age of Reform and Repeal." In 1976, he says, "we will observe the 200th anniversary of the signing of the Declaration of Independence." Unfortunately the plans for celebrating the anniversary are not taking off from the individualism of the Founding Fathers. The Boston Bicentennial Commission, says Mr. St. John, "is stressing the Liberal and left-wing premise of 'interdependence' . . . and completely ignores the affirmative aspects — and the very existence of the American Revolution and of the subsequent

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Industrial and Technological Revolutions." And the Philadelphia Bicentennial Commission will have a hard time commemorating the Founders' principles if former Democratic Senator Joseph Clark, an enemy of the original doctrine of the separation of the powers, uses his membership on the Commission to put forward his own anti-Federalist point of view.

As a description of the events leading to the "political riot" at Chicago Mr. St. John's book is first-rate. But its greater importance may derive from its insistence that we revive our old traditions in preparation for the 200th anniversary of the Republic that will be here before we know it.

▸ *THE TRUTH ABOUT BOULWARISM* by Lemuel R. Boulware (Washington, D.C.: The Bureau of National Affairs, 1969, $7.50 cloth, $2.85 paperback. 190 pp.)

Reviewed by Edmund A. Opitz

PIONEER investigators of electrical phenomena are memorialized by the terms in which later generations discuss the science. Every time we talk about amperes, ohms, volts, and watts we pay tribute to A. M. Ampere, G. S. Ohm, Alessandro Volta, and James Watt. It seems fitting, therefore, that a new approach to industrial relations should turn up in the electrical industry as "boulwarism," after Lem Boulware, now retired from General Electric.

The term boulwarism was coined as an epithet; it is now part of the vocabulary as a label for the efforts of a business or industry to fill voluntarily its five-fold obligation to: Employees, Customers, Shareholders, the Community, and Government. For General Electric this involved an extensive program of education which began in 1947, under Mr. Boulware's direction. So successful was this operation that General Electric suffered little from the union problems which plagued other industries. The unions gave us the word when they blamed their failure on "boulwarism."

Precisely what did Mr. Boulware do? The book under review tells the story in broad outline and it reproduces some of the messages and illustrations used in company publications at the time. Simply, the campaign was designed to tell the story of how the business system operates, the nature of the free market, and the limited role of government. The story of how this was done has been admirably told here, making this book a handy manual for people in personnel work as well as a lively account of an important incident in business history.

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THE FREEMAN — Volume 19, January-December 1969

Prepared by BETTINA BIEN of the Foundation staff

NOTE: In page references, the number preceding the colon designates the month, the number following the colon refers to pages. All articles have at least three entries—author, subject, and title—except in a few cases when title entries seemed repetitive. Books reviewed are listed on page 768.

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